

Effects of the '2025 Clean Car Standard' on Enthusiast Vehicles

From Tony Johnson, Chief Executive Officer, LVVTA

Introduction:

The purpose of this article is to explain what is going on in relation to the new 'Clean Car Import Standard' under development by the Government, and what the effect of that will be on owners of classic, modified, special interest, historic, and scratch-built vehicles. I'll refer to all of those vehicle types simply as 'enthusiast vehicles'.

Note that this article is intended to provide just a very basic overview of what's happening, and focus mainly on the important bit for enthusiasts - which is how it will affect the enthusiast vehicle sector. (If you want to see the proposed standard and all of the associated background information, just google 'clean car import standard nz', and you'll find everything there).

What is the new standard about?

The Ministry of Transport is in the process of developing new legislation, generally referred to as 'The Clean Car Import Standard', or the '2025 Clean Car Standard', which is aimed at light vehicles entering New Zealand from 2023-on. The new standard is expected to be in place by 2022, and to be in full effect by 2025.

The intention of the new Clean Car Standard is to progressively lower CO₂ emissions of vehicles entering the New Zealand fleet, from the current average (across the fleet) of 171 grams of CO₂/km, down (by almost 40% over five years) to 105 grams of CO₂/km by 2025. This is part of the ongoing world-wide 'clean-up' of air quality, in which the NZ Government wants to play its part. It's also in recognition that the CO₂ emissions of New Zealand's vehicle fleet is one of the worst of all of the OECD countries.

We've all heard the term 'guzzler tax' for decades, as it's been introduced throughout other parts of the world. It's now New Zealand's turn. It was always inevitable.

Important note: *the new Clean Car Standard only applies to vehicles coming into New Zealand from 2023-on. It will not apply to any vehicles already in New Zealand at that time.*

How does the new standard work?

The standard is aimed at 'suppliers' – in other words, importers and dealers. The new standard will require suppliers to import and sell vehicles which meet an average CO₂ emission target of 105 grams of CO₂/km by 2025. To achieve their targets, suppliers will have to import more efficient modern vehicles, including electric and hybrid vehicles. The CO₂/km target for cars is a little tougher on compact cars and more generous on large cars, and utes and vans are given a slightly more generous target.

If a supplier exceeds their target, then a charge (think of it as a 'penalty' or a 'tax') will apply, at a rate of between (for used import vehicles) \$20 for every gram of CO₂/km over the target from 2023, and \$30 per gram of CO₂/km from 2025. A supplier, if careful, could operate without incurring any charges if the vehicles which are imported and sold collectively fall within the target average.

A 2015 1.8 litre Toyota Corolla emits 143 grams of CO₂/km, so that gives you an idea of how ambitious the Ministry's targets are. The only way to get an average, over a number of vehicles, which enables bigger-engined vehicles to come in, is to average out the emissions output of those vehicles with some electric, or at least hybrid vehicles. A 2015 (plug-in hybrid version) Toyota Prius, for example, gives 43 grams of CO₂/km. So, a few Prius-type vehicles (which are 60 or so grams of CO₂/km under the target average) will be needed in order to offset a 2016 304 kW LS3 Holden SS-V Redline which produces 293 grams of CO₂/km (which is 190 grams of CO₂/km over the target average).

Without the 'offset' process to achieve the target average, the supplier will have to pay the 'charge' or 'tax' of \$25 for every gram of CO₂/km over the target average. The 'charge' for a large V6 luxury car might be up around the \$2000 mark, and a very high-performance car like that 304 kW SS-V Redline I mentioned earlier could be taxed by as much as \$4000. The charges might sound high, but we're actually getting a comparatively good deal on used cars when we consider that new car dealerships will be charged \$50 for every gram of CO₂/km over the target average, and rising over time to \$75. Also, the charge we'll be paying in NZ is much less than what is being applied in European countries.

The same principles talked about above which apply to importers and dealers will also apply to us as individuals. If you or I want to import that Redline SS-V from Australia for ourselves in the future, we will have to pay that same charge. But, like the dealers, us individuals can avoid the charge – or at least reduce it – if we round up some other people who want to bring in a car that is below the target, and work with them as a 'group'.

Important note: Remember that the regulations aren't saying that you can't import a high-emitting vehicle – they're just saying that you'll have to pay an extra charge if you do. Like a 'guzzler tax'. We will still be able to import any vehicle we want to.

What about enthusiast vehicles?

Everything I've talked about above applies to the modern car mass-market. If you're an enthusiast of modern high-emitting vehicles like the 2016 Redline SS-V mentioned above, then there's a cost, but this is just the way of the world, and we're going to have to pay a price for big emitters into the future. The rest of the developed world has been doing this for years, and now we're catching up.

Now. Here's the important bit... For those of us into enthusiast vehicles (meaning old, classic, historic, special interest, or scratch-built vehicles), there's absolutely nothing to worry about. LVVTA, along with many other industry and enthusiast groups like the AA, Motor Trade Association, Motor Industry Association, Federation of Motoring clubs, The Vintage Car Club of NZ, NZ Hot Rod Association, and others, have an excellent relationship with the Ministry of Transport. As a result of that very good and long-standing relationship, the Ministry has no intention whatsoever to adversely affect our old car hobby. LVVTA has worked very hard over the past 30 years to make our regulators aware of the need to make concessions for the enthusiast sector, and these concessions have always been applied. When the Frontal Impact Rule and the Emissions Rule were developed some years ago, we worked with the Government to ensure they understood us, and to make allowance for our enthusiast vehicles. Because of this good relationship, and their high level of awareness of us, the Government has traditionally made provision that vehicles over 20 years old don't have to meet those rules.

With the implementation of the Clean Car Standard, it's no different. The enthusiast sector has been respectfully reminding the Ministry about the presence of enthusiast vehicles as the Ministry has been developing the Clean Car Standard. As a result, the Ministry has already proposed a number of exemptions to the Clean Car Standard. The Ministry's legislation, in its proposed form, contains the following section:

"The Standard does not apply to the following light vehicles:

- *vehicles intended primarily for military operational purposes;*
- *agricultural vehicles/equipment that are primarily driven on farms, such as tractors, harvesters, mowers, toppers, bailers;*
- *special interest vehicles (vehicles with historic value, or vehicles such as classic cars);*

- *vintage vehicles and veteran vehicles;*
- *scratch built vehicles and modified vehicles certified by the Low Volume Vehicle Technical Association Incorporated.”*

In other words, if your vehicle is 40 years old or older, or replicates a vehicle that is 40 years old or older, regardless of whether the vehicle is in original or modified condition, this new Clean Car Standard doesn't present any risk to you at all, because – quite simply – it doesn't apply to you.

Important note: *The Government is well aware that we exist, and has no intention whatsoever of adversely impacting our hobby. Original or modified classic vehicles, vintage and veteran vehicles, historic vehicles, special interest vehicles, and scratch-built vehicles will not be affected by the new Clean Car Standard. We will be able to continue importing and using these vehicles, and no charges or taxes will apply to them.*

What are the next steps?

LVVTA is currently engaging with the Federation of Motoring clubs, The Vintage Car Club of NZ, and the NZ Hot Rod Association to provide some co-ordinated assistance to the Ministry. The intention of the four groups who are working together is to collectively assist the Ministry in determining how best the various vehicle types should be defined, so that the exemptions provided in the new Clean Car Standard will enable the Government to achieve its objective of improving the overall fleet, however without compromising the ability of our very small enthusiast sector to continue to enjoy the enthusiast car hobby.

As this work continues, and the details are properly nailed down, I'll update you on how this part of the Clean Car Standard – the outcome of which will be near and dear to the hearts of all vehicle enthusiasts – finally rolls out.

In the meantime, the key message is '*don't worry*'. The enthusiast vehicle sector won't be adversely affected.
